THE COST OF A CHILD IN 2022

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1. Introduction

Families in 2022 are facing the greatest threat to their living standards in living memory. Much has been written about these pressures, but to put them into context, we need to understand what has been happening to children's and families' costs in recent years. The *Cost of a Child* reports have been produced annually for a decade, and this 2022 edition presents the latest evidence of what families need as a minimum, and how this compares to the actual incomes of low-income families.

The cost of a child refers to the minimum cost of bringing up a child in the UK, at a socially acceptable living standard. The main methodology for calculating this is set out in the first annual Cost of a Child report published in 2012.[1] The calculations draw on minimum family income requirements based on the Minimum Income Standard (MIS) research, carried out by the Centre for Research in Social Policy at Loughborough University for the Joseph Rowntree Foundation. This produces household budgets for different types of household, based on research in which members of the public identify what items are required for a minimum acceptable standard of living.

In order to separate out the cost of an additional child (for example, the second child in a family with couple parents), the minimum costs for a family including that child are compared to those of a family without that child (in this case comparing the budget for a couple with two children to that of a couple with one child). This approach captures the changing needs of households as children appear, including both the individual needs of each child such as clothing, and the more general needs of the household as it grows, such as changes in patterns of leisure activity and transport for adults when they become parents.

In 2022, a decade after the first report, we are introducing a new and simplified presentation of the results in this edition, based on what information is likely to be most useful to readers in the 2020s. The report continues to show the overall cost of a child, with and without childcare, in the same form as previously, with the appendix setting out the main calculations.

However, in looking at what is happening to family incomes over time, we put more emphasis on *whole family* budgets, rather than on what children cost *in addition* to the costs their parents would have incurred had they not had children. There are two reasons for this, one related to the present living standards crisis, and the other to an aspect of the calculations that makes changes over time in the additional cost of children hard to interpret.

The present crisis in living standards is confronting all households, with and without children. And it is family costs as a whole – particularly the cost of food and household energy – that have been running ahead of incomes, not just child-related expenses such as the cost of childcare. To understand the pressures that families are coming under, therefore, it is most helpful to compare their overall costs with their incomes.

The second, more technical reason for this new presentation concerns the influence that changes in the cost of adults *without* children can have on changes over time in the additional cost of a child. For example, in MIS budgets, adults without children are deemed to require public transport to get around, while families with children need a car. This means that if public transport costs rise sharply, but motoring costs do not, the additional cost of having children will fall, even though the transport costs for a family have stayed the same. This difficulty is exaggerated in 2022 because the needs of adults without children have been researched from scratch as part of the research cycle, but those of families with children have not. This has caused budgets for the former to rise

[1] D Hirsch, L Sutton and J Beckhelling, *The Cost of a Child in the Twenty-first Century*, Child Poverty Action Group, 2012

more sharply, making it appear as though the cost of a child has gone down in the case of couple families, despite the fact that overall family costs are rapidly rising too.

The report starts, in section 2, by giving headline costs of children: both the additional cost of bringing up a child and a comparison of whole family incomes with minimum family costs. The main trend over time in the latter is summarised in a key indicator of family income adequacy. This section also gives a profile of how the additional cost of children varies over the course of childhood, with childcare costs concentrated in the early years and other costs in the later years.

Section 3 presents the key trends over time, looking at the size of income shortfalls in different scenarios. This section emphasises how the growth in these shortfalls in 2022 has dwarfed previous trends. For out-of-work families the growth in shortfalls in 2022 have greatly exacerbated the losses felt by the benefit freeze. Some working families had made offsetting gains in recent years as the result of some policies helping low-income families in work, but these have been reversed by the failure of incomes to keep up with inflation this year.

Section 4 considers how incomes and costs have changed since April (when the annual MIS figures are calculated).

2. The cost of a child in 2022: key indicators

Table 1 summarises how much it costs to bring up a child. Excluding rent and childcare, it costs nearly £70,000 for a couple and over £110,000 for a lone parent (Indicator 1). The higher cost for the lone parent is due to certain family economies of scale, most notably the fact that having a family car is associated with a greater saving in public transport for a couple, given that for adults without children, a car is not deemed essential.

Overall, the cost of over £150,000 for a couple and over £200,000 for a lone parent (Indicator 2) presents a daunting challenge to any family. Childcare has become an increasingly large component of this cost, for any parents who want to have the opportunity to work and who are not fortunate enough to have unpaid family care available. The persistent rise in childcare costs over the past decade means that childcare now comprises around 60 per cent of the lifetime cost of a child for a couple working full time, compared to around 40 per cent in 2012.

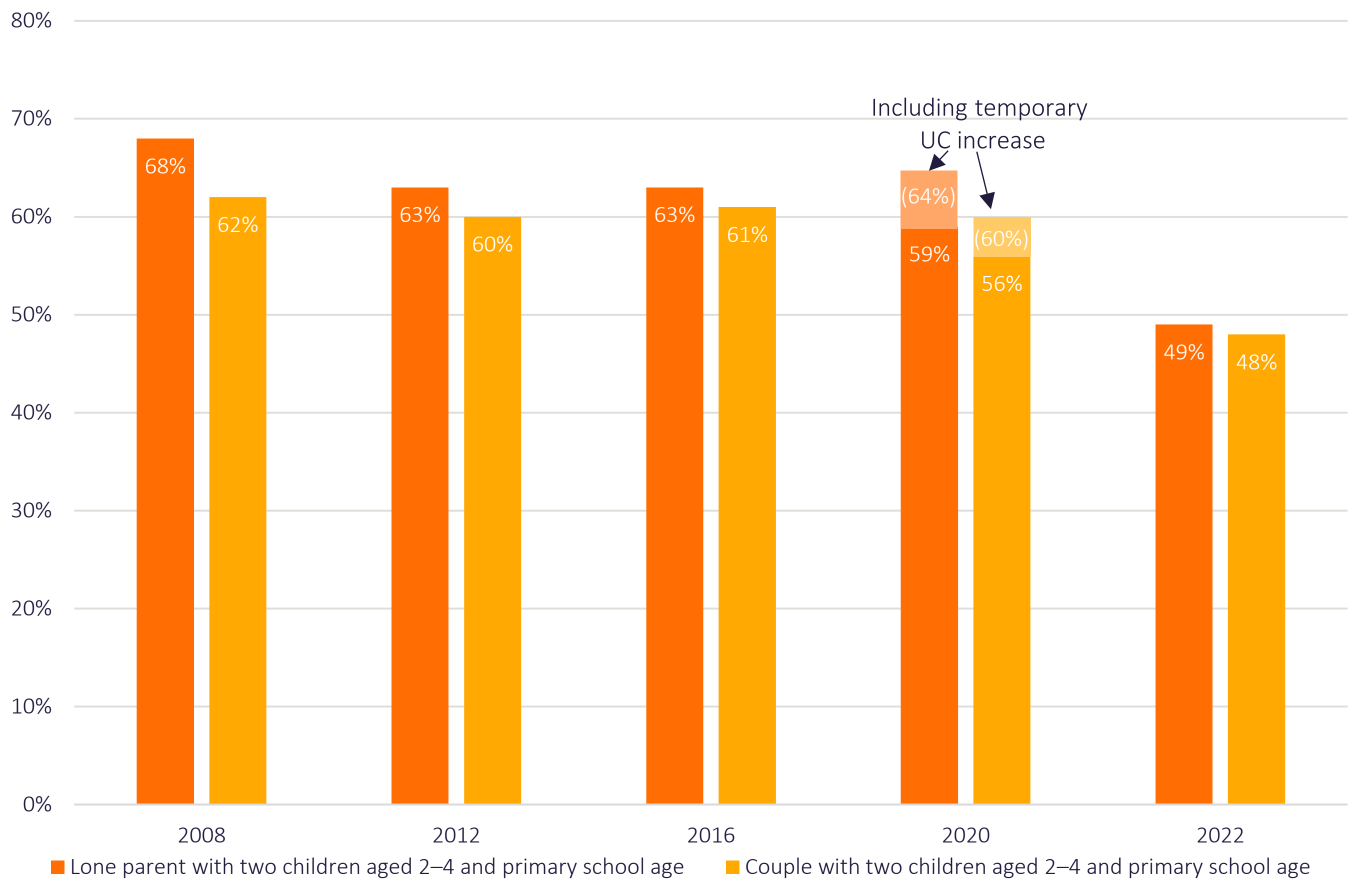
Table 1: Scorecard, key indicators

A. The additional cost of bringing up a child in 2022	(Minimum cost, averaged for first and second child)	
	Couple	**Lone parent**
Indicator 1. Basic cost over 18 years*	£69,621	£113,102
Indicator 2. Full cost over 18 years	£157,562	£208,735
B. The extent to which families have enough to cover the minimum cost of living	Net income* as a percentage of minimum family costs – family with two children aged 3 and 7	
	Couple	**Lone parent**
Indicator 3. Not working	48%	49%
Indicator 4. Working full time on the 'national living wage'	94%	77%
Indicator 5. Working full time on the median wage	111%	88%

*'Basic cost' does not include rent, childcare or council tax. 'Net income' refers to disposable income, after subtracting rent, childcare and council tax. These calculations assume eligibility for universal credit, with entitlements updated to April 2022.

Table 1 shows that, for a family not in work, benefits cover *less than half* of what a family with two children requires in 2022 for the first time (Indicator 3). While the increase in benefits by much less than inflation in 2022 accounts for a substantial drop in benefit adequacy, this deterioration has also been occurring over a long period. As shown in Figure 1, around the start of last decade, families could meet about two thirds of their needs through benefit income. The reduction to below half marks a sea change in the adequacy of social security. Most of this reduction has come since 2016, initially through the benefit freeze. In 2020, the effects of the freeze were counterbalanced by the £20 top-up of UC (although not for those on legacy benefits), but in 2022, the loss of the top-up combined with the failure to uprate benefits in line with accelerating inflation caused a very sharp reduction in adequacy.

Figure 1: Out-of-work incomes as a percentage of MIS requirements, 2008-2022 (based on prices and benefits in April of each year)



Indicators 4 and 5 show that families in work cannot count on having enough income to meet minimum needs, even if they are working full time. A couple family with both parents working full time on the minimum wage still falls 6 per cent short. This is a deterioration since 2021 when, helped by the £1,000 temporary increase in universal credit (UC), a couple working full time with two children were 6 per cent *above* the MIS level rather than 6 per cent below it. For a lone parent, even a median wage is now not enough to get to an adequate income, as they fall 12 per cent short. Again, this is a large fall from 2021, where they just about covered the costs. This illustrates how even families with steady employment in reasonably paid jobs are unable to meet their needs.

Childcare

The difficulty in meeting the cost of a child is not evenly distributed across childhood. A general pattern is that children become more expensive as they get older, except when it comes to childcare when the reverse is true. Figure 2 gives an example of how overall costs to families progress with the child's age, in different childcare scenarios. It shows a stark contrast between families paying for all their childcare, for whom these dominate costs in the early years, and those who do not incur childcare costs. The lower line shows that without childcare, costs go up as children get older, due to growing food, clothing, social participation and other costs for older children. For anyone paying for childcare, however, the pattern is very different.

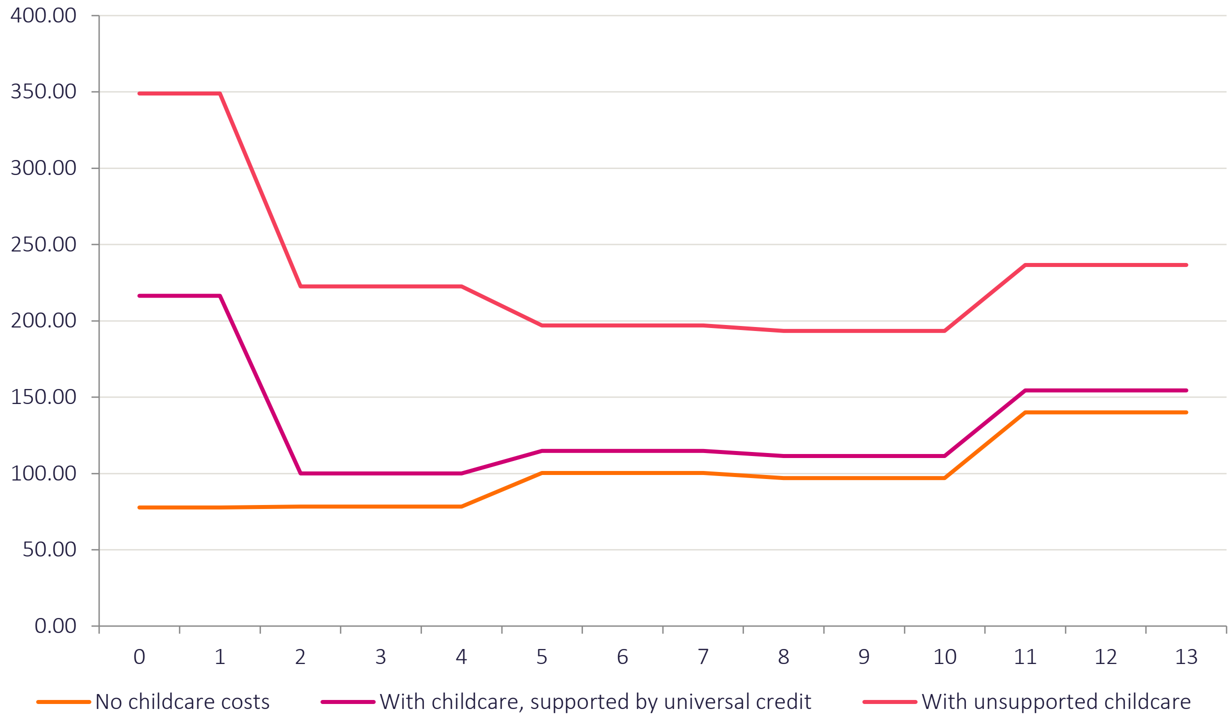
The main reason behind the patterns in childcare is the structure of the UK government's early years subsidy. For children aged 0-1, no such subsidy is available, with families having to bear the full cost. For some 2-year-olds and all 3- and 4-year-olds, there is an early years subsidy representing up to 30 hours a week of free childcare. Then, when children reach school age, only before- and after-school childcare is needed.

For families claiming UC, 85 per cent of childcare costs are covered (up to a cap).[2] This, in combination with the free childcare for 2-year-olds and less childcare needed when children reach school age, means out-of-pocket childcare costs from age 2 onwards represent only a fraction of the full cost, although design issues mean that accessing this childcare can be difficult. The most expensive ages for childcare remain 0-1, the costs often being prohibitively high for low-income families.

The reality is that few families with very young children incur such costs, because they would lose money by working the hours that required them to have full-time childcare (especially if costs exceeded the limit for support – see Box 1). In this way, the high and ever rising childcare component of the cost of a child is more often a work disincentive than a cost actually incurred – but by preventing families from earning, it still has a highly detrimental effect on their finances.

[2] See Box 1 for more information on the childcare costs cap.

Figure 2: Additional weekly cost of a second child for a couple family, by age and childcare status, 2022



Box 1: Limits to childcare support, 17 years on

Families receiving working tax credit or UC are eligible for support with childcare costs up to £175 a week for one child or £300 for two or more. These limits were set in 2005, as part of a ten-year strategy to improve access to high-quality childcare and therefore opportunities for both working parents and their children. By raising the previous limits sharply, the stated intention of the strategy was to:

> "… ease affordability problems for those with the highest childcare costs… Families with pre-school children, those with several children, families needing full-time care and those living in London and the South East are among those most likely to benefit from extra help because they can face especially high costs."[3]

In 2005, the average cost of a full-time place at a nursery in England for a child under 2 was approximately £140 a week.[4] This is the most expensive form of childcare, and the £175 provided some headroom even for those requiring this level of provision. By 2022,[5] the cost had doubled, to £274 a week, almost £100 above the limit for support. Even using a childminder in the cheapest region for this service, the East Midlands, families pay £201 on average for a full-time place, still £26 above the level eligible for support.

[3] HM Treasury and others, *Choice for parents, the best start for children: a ten year strategy for childcare*, 2004, paragraph 7.11
[4] Daycare Trust, *Childcare costs survey 2008*, 2008
[5] Coram Family and Childcare, *Childcare Survey 2022*, 2022

The result of not raising these limits as childcare fees rise has been the opposite of what was intended by the original policy. Rather than providing opportunities for families with higher as well as lower needs, UC now makes it prohibitively expensive to work full time and pay for childcare with a child too young to benefit from the early years subsidy. This needs to be seen in the context of a rapid escalation in costs that families face, even if the fees exceed the limit only by a modest percentage. For example, a family paying £175 and receiving 85 per cent back via UC will be reimbursed £149 but incur the remaining £26 a week net for childcare provision – already a significant amount to find on a low income. If actual costs are £201 (the East Midlands average), the extra £26 will be paid fully by the family, doubling the total incurred to £52, even though childcare fees had only risen 15 per cent. For this reason, every time childcare costs rise with inflation, with the limit frozen, the cost to families who cannot meet their childcare needs within the UC limit increases very sharply, making these services even more inaccessible and catching ever more families in this trap.

3. Falling behind on UC: shortfalls in family incomes since 2016

One way of looking at the difficulties that low-income families have experienced in affording the cost of children is to compare family incomes to the MIS benchmark over recent years, both for non-working parents and for those in low-paid work.

The graphs in this section consider the incomes of families on UC since 2016. This is the period when UC has become established, although the adequacy of this support has been influenced by a wide range of factors affecting benefits and wages, some negative, others positive.

On the negative side, the past few years have seen:

- A freeze in adult benefits at their 2015 levels until inflationary-uprating was restored in 2020. This caused an 8 per cent real-terms cut in these benefits.
- The introduction of the two-child limit in the calculation of UC for children born from 2017 onwards.
- The abolition of the higher UC payment for the first child if they were born after 2017.
- The continued freezing of the level of the benefit cap, meaning that as benefits and rents increase in cash terms, more and more families are capped.
- A dramatic cut in the real value of benefits in 2022, with an uprating worth 3.1 per cent in April when inflation was 9 per cent. This was caused by inflation accelerating quickly after September 2021, the month on which upratings are based. Price rises since then will eventually be taken into account if the government increases benefits with inflation, but this does not reduce the current financial crisis facing many families, fueled further by the continued rise in prices since April (see Section 4 below).

On the positive side:

- The rate at which UC reimbursed childcare costs was raised from 70 per cent to 85 per cent in 2016 (although for some families with high childcare costs, this was offset by a long-term freeze in the maximum amount payable, despite rocketing childcare inflation).
- The 'national living wage' has increased rapidly, and its current level of £9.50 is 46 per cent higher than the £6.50 level of the minimum wage at the time the 'national living wage' was announced.
- The work allowance has been increased from £192 a month in 2016 to £344 today, and the UC taper rate has been reduced from 65 per cent to 55 per cent. Both these measures allow working families to keep more of their UC.
- The rate of UC rose by £20 a week from April 2020 to September 2021, but this increase was withdrawn.

It is notable that the first three of these positive influences on family incomes benefit working families only, and the fourth has been discontinued. Those who are not working saw some temporary respite through the £20 increase, but now only experience the negative influences.

In charting these developments below, the analysis takes the story up to April 2022. Since then, the rapidly growing price of domestic energy, along with other price rises, has been only partially offset by additional government support. The analysis in this section considers the longer-term context that shows how difficult families were finding things even before the latest price hikes. Section 4 comments on developments since April.

Figures 3 and 4 illustrate how the overall shortfall between benefits for those not in work and family income requirements has widened, using the example of a couple with two children. Figure 3 compares the cost of living at a level identified as a minimum through the MIS with the actual benefits a family receives, before taking account of housing costs or the benefit cap. From 2016 to 2019, the freeze in benefits created a steady if relatively modest widening of the gap between income and costs. But as is clear from the graph, the past year has seen a very much sharper deterioration, with costs shooting up, but income falling with the £20 a week cut in UC.

Figure 4 shows how for such a family, the situation risks becoming far more serious as a result of the benefit cap. This limit in total family benefits originally hit only those with the largest families and/or the highest rents. However, today, even a couple with two children with a modest rent is likely to hit the cap of £385 a week, since the housing element of UC would only need to be just over £100 a week to be capped for such a family. This requires some rent to be covered from other benefits and thus widens further the gap between disposable income and costs shown in Figure 3. Almost all private rents for family homes are above £100 a week, and even the average social rent is around this level. Furthermore, inflation will increase both rent levels and basic benefit levels, so if the cap remains frozen, its effect will bite even deeper. A growing number of families will therefore effectively be excluded from the April 2023 benefit uprating.

The widening gap between incomes and costs for out-of-work families

Figure 3: Basic benefits leave a non-working couple with two children with a growing shortfall each week, relative to their needs

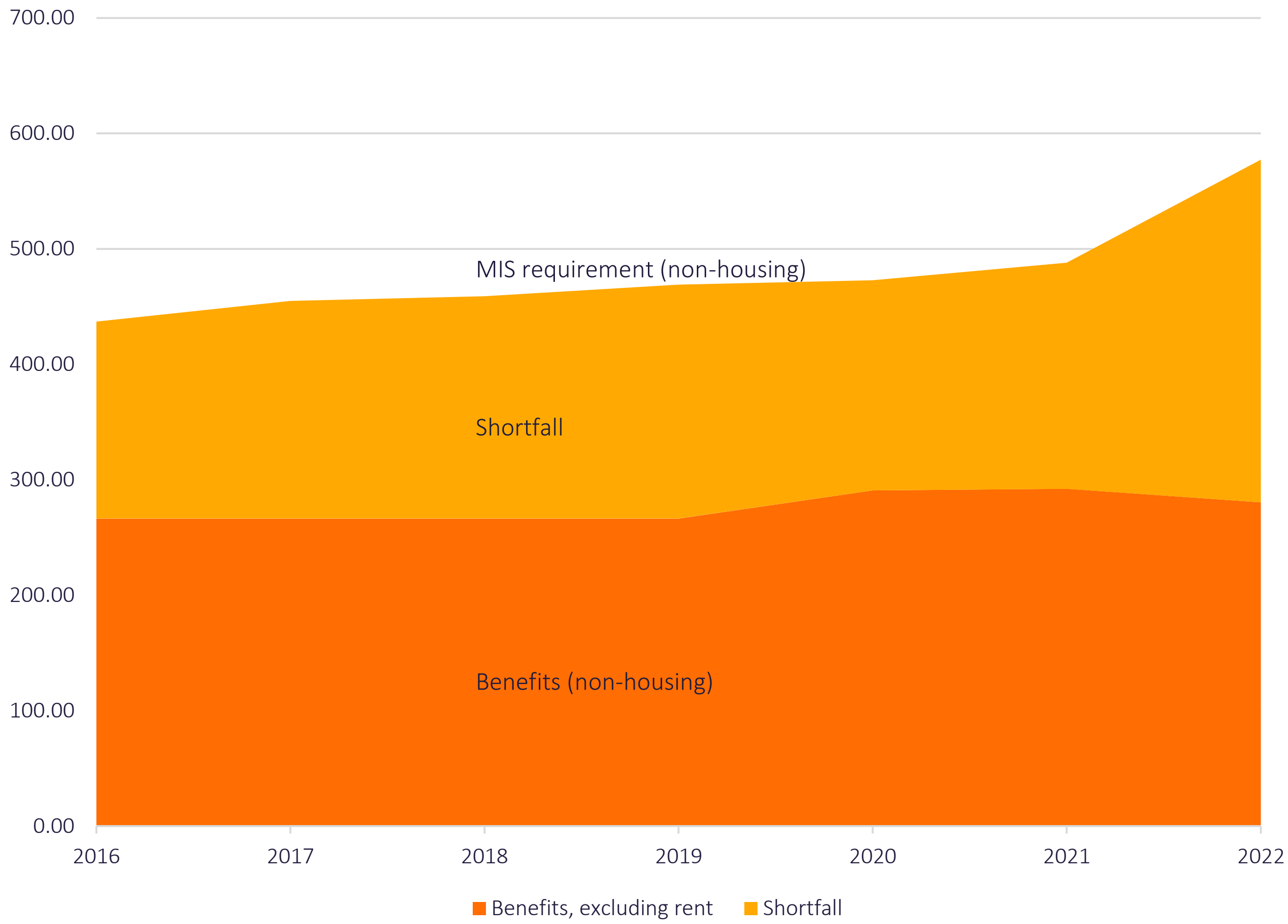
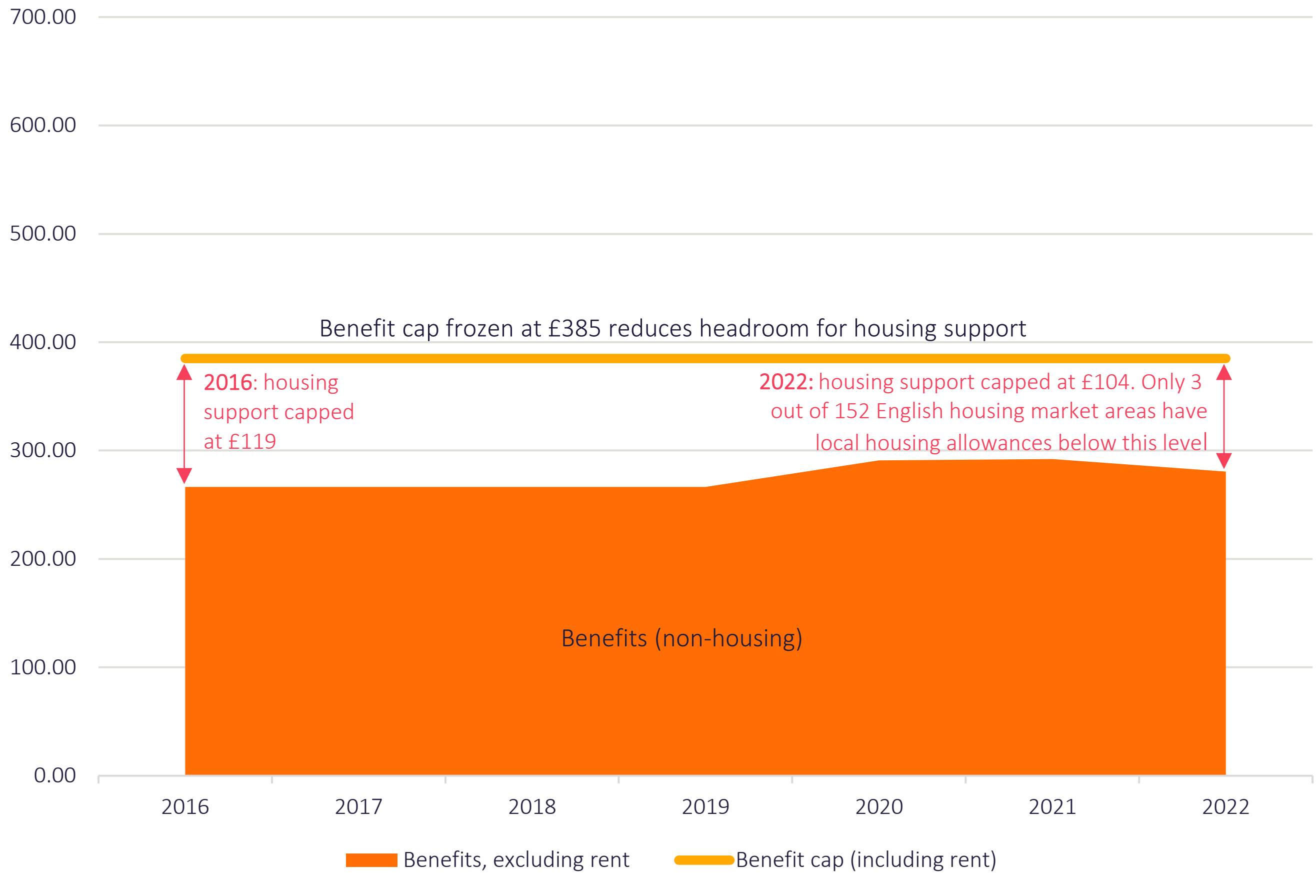


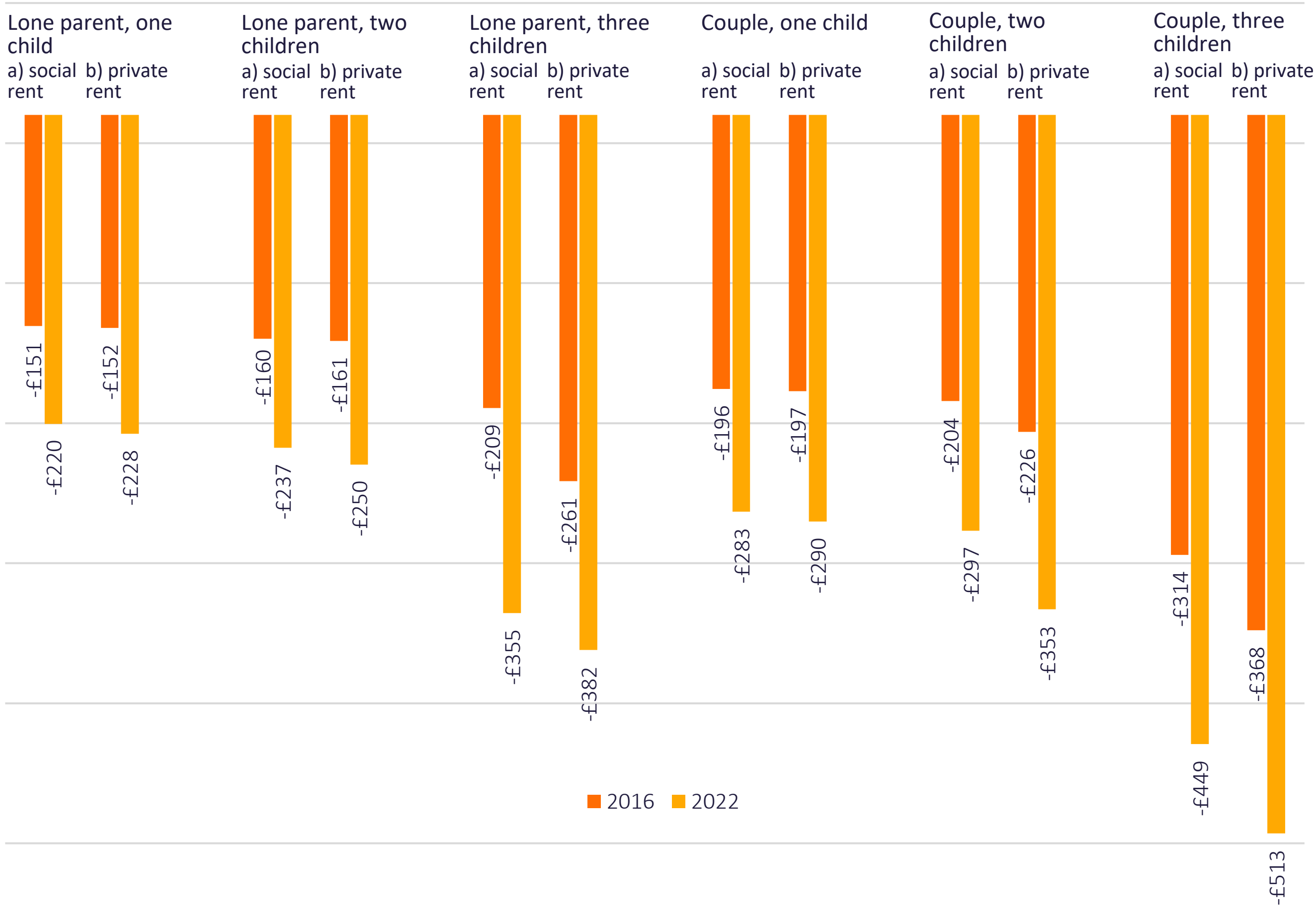
Figure 4: As benefits rise with inflation but the benefit cap is frozen, even modest rents are coming up against the cap, which is £385 a week outside London, increasing income shortfalls still further



To consider recent trends for a range of household types, Figure 5 looks at the change in the size of income shortfalls since 2016. (Appendix 2 looks at changes over time for each of these cases in more detail). In this case (unlike Figures 3 and 4), the size of the gap is corrected for inflation. This means we can compare income shortfalls in different years on a consistent basis, ie, in terms of what value of goods and services the family will have to forego.

Figure 5 emphasises not only how much the adequacy of benefit incomes has deteriorated over recent years, but also how much worse this deterioration has been for larger families, both because of the benefit cap and because of the two-child limit on UC entitlements. Importantly, while this effect is extreme for a couple with three children, with shortfalls shooting up to above double those experienced by one-child families, the deteriation has also been severe for some families with two children. A couple supporting two children and living in private accommodation, for example, is now over £350 a week short of meeting their needs, an increase since 2016 of nearly 60 per cent. This is the result of the benefit cap biting.

Figure 5: Change in weekly income shortfalls for non-working families by family type and tenure, 2016-22, inflation-adjusted (See Appendix 2 for detail)



Appendix 2 sets out this overall picture in more detail, showing how different families have been affected in different ways at different times. In particular:

- For one-child families, losses during the 2016-19 benefit freeze period were mostly offset by the temporary UC increase in 2020-21, with shortfalls returning to around 2016 levels. However, the combination of the withdrawal of the increase and the 2022 uprating falling well behind inflation caused a sharp deterioration. While the income gaps for these households are not as high as for those with more children, the gap between now and 2016 is three times as great as the gap between pre-pandemic and 2016. For example, for a lone parent with one child in social housing, the shortfall increased by £22 between 2016 and 2019, but is now £69 more than in 2016.
- For larger families whose entitlements exceed the benefit cap, there was no respite in 2020 and 2021, and the situation is even worse today because there have been no increases in benefits to offset rising costs. This is true for private tenants: both couples with at least two children, and lone parents with at least three children. And it's true for a couple with three children with a social rent. Typically, the income shortfall is around 50 per cent higher than in 2016 in these cases.
- A lone parent with three children is not hit by the benefit cap if the family lives in social housing, but will increasingly be hit by the two-child limit. In the example shown in Figure 5 and Figure 13 below, the

youngest child is aged four. Such families would be affected by the benefit cap from 2021, and this explains a £42 jump in the shortfall that year for such families, who this year are falling £355 a week short of meeting their needs through benefits, a massive increase from £209 in 2016.

Turning to working families, patterns are somewhat different, as shown in Figures 6 and 7. As referred to above, working familes have seen a combination of factors affecting the adequacy of their incomes both positively and negatively in recent years. The positive factors have particularly helped families where parents work full time, both because of the greater effect of the minimum wage increases for parents working more hours, and because additional help with childcare is particularly important for families requiring full-time cover.

The graphs reflect this by showing that between 2016 and 2019, despite the freeze in the value of UC, the income shortfall fell significantly for lone parents working full time and for couples where both parents worked full time. For families with a part-time worker, who need less childcare and gain less in absolute terms from higher hourly pay, positive and negative influences balanced out leaving families with a similar shortfall at the end of the benefit freeze to that at the beginning. In both cases, the £20 increase to UC in 2020 and 2021 reduced income shortfalls substantially, and in the case of a couple with two children, where both parents work full time on the 'national living wage', income was above the minimum needed in those years.

All this has reversed sharply in 2022. In three of the four cases shown, income shortfalls are substantially greater now than they were in 2016, reversing the modest progress of the previous five years. The exception is a couple working full time, where any progress has been wiped out but shortfalls are now similar to what they were in 2016. As a consequence, income from work is in all cases insufficient for those on the 'national living wage', with soaring prices and much more slowly rising incomes causing a rapid deterioration. The speed of this change is reflected in the fact that when the 2022 increase by 6.6 per cent in the 'national living wage' was announced in October 2021, inflation was running at 4.2 per cent, making the increase seem generous. But by the time it was implemented in April, inflation was 9 per cent, making it a substantial real-terms cut.

Income shortfalls for working families

Figure 6: Weekly income shortfall, working lone parent with children aged 4 and 7 (in 2022 prices)

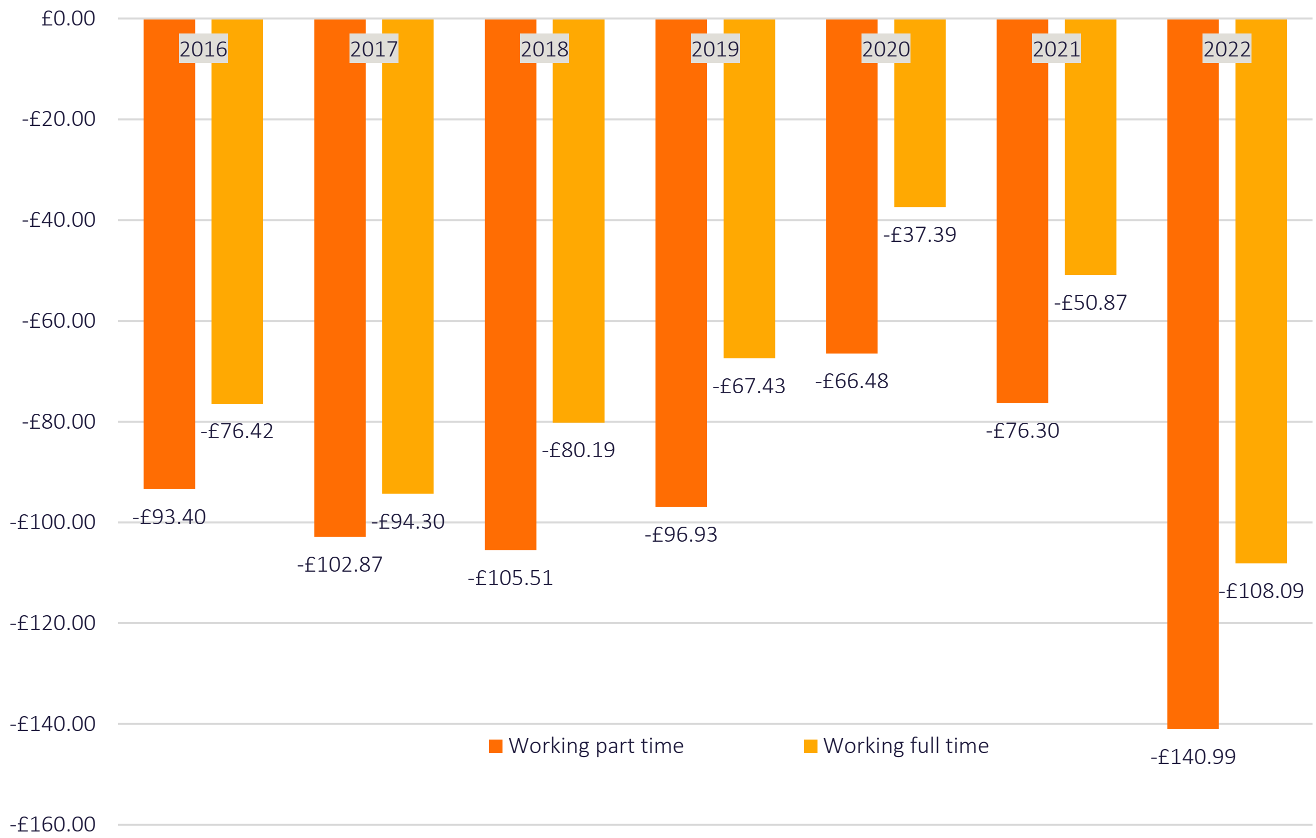
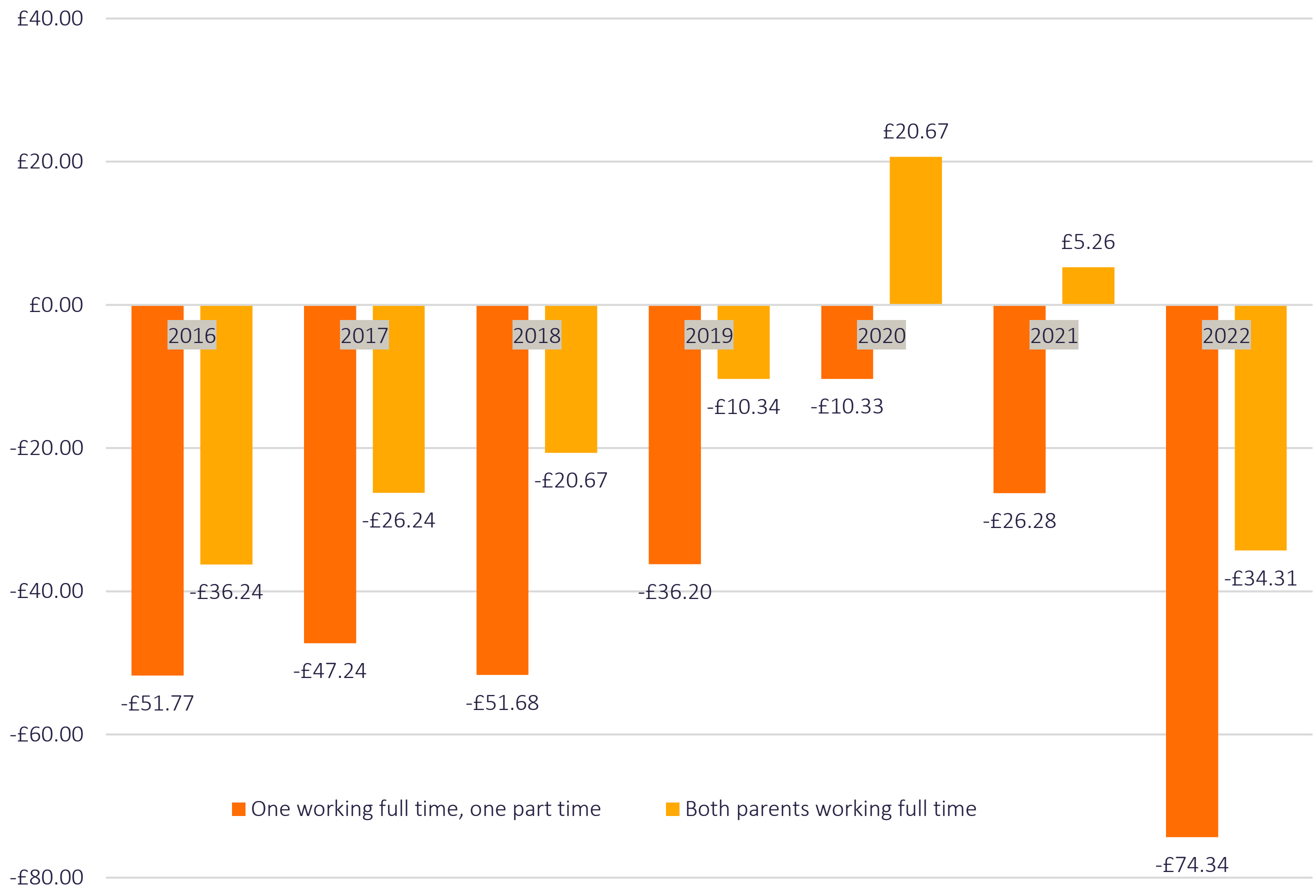


Figure 7: Weekly income shortfall/surplus, working couple with children aged 4 and 7 (in 2022 prices)



4. The cost of a child and further increases in living costs in 2022

Rapid inflation has continued to push up the cost of raising a child throughout 2022. Essentials such as food and fuel are rising so rapidly and unpredictably in price that any analysis of the cost of a child can only be taken to represent the situation at a particular point in time. In line with previous reports, this year's Cost of a Child report makes its main calculations based on the situation in April.

However, costs have risen steeply since April, so the actual situation in winter 2022/23 will be substantially worse. This is even after taking account of the one-off cost of living support introduced after April,[6] and the freezing of the energy cap at an average value of £2,500 in October. Although the energy cap freeze means costs are much lower than they would have been, it still represents a £529 increase in the annual average energy bill compared to April 2022. This bill will be 20-40 per cent higher for families with children, who need more energy than households without children (see Appendix 3).

[6] The £150 reduction in council tax for households in bands A to D was introduced in April, and is therefore taken into account in the main calculations in this report rather than in the supplementary calculations in this chapter.

Table 2 shows the effect of these different factors on the shortfalls faced by families going into the winter. The assumptions behind these calculations are set out in Appendix 3. The effects vary considerably by household size. Cost of living payments, paid at a flat rate, give a proportionately greater benefit to smaller households with lower overall costs. For lone parents with one child, the payments improved their financial position by slightly more than rising costs damaged it. For a couple with three children, on the other hand, the net effect was to make the family £13.60 worse off a week, from an already terrible position. For most families, the further rise in prices after April 2022, by somewhat more than the value of the cost of living payments, was just one further blow in a series of setbacks. Compared to the previous effects of sub-inflationary uprating of benefits and the £20 a week cut in UC last year, the effect of recent inflation is modest in scale, but of course the effect of all these factors is cumulative.

Table 2: Increases in weekly income shortfalls for different families since April 2022

	Lone parent, one child	Lone parent, two children	Lone parent, three children	Couple, one child	Couple, two children	Couple, three children
Change in weekly costs since April 2022						
October 2022 rise in energy price cap	-£14.26	-£16.89	-£17.86	-£16.06	-£17.86	-£18.83
Inflation for other items (Apr – Sep 2022)	-£10.39	-£13.08	-£17.61	-£14.65	-£17.70	-£22.64
Total loss	*-£24.65*	*£-29.97*	*-£35.47*	*-£30.70*	*-£35.56*	*-£41.47*
Additional weekly support provided to families with the rising costs of living in 2022/23						
Cost of living payments	£12.50	£12.50	£12.50	£12.50	£12.50	£12.50
£400 increase in winter fuel support	£15.38	£15.38	£15.38	£15.38	£15.38	£15.38
Total support	*£27.88*	*£27.88*	*£27.88*	*£27.88*	*£27.88*	*£27.88*
Net effect	**£3.23**	**-£2.09**	**-£7.59**	**-£2.83**	**-£7.68**	**-£13.59**
Weekly April 2022 shortfall for out-of-work family	-£220	-£237	-£355	-£283	-£297	-£449
Total shortfall for out-of-work family	-£217	-£239	-£363	-£286	-£305	-£463

Note: See Appendix 3 for details for calculations

Box 2:

The abolition of the Health and Social Care Levy in September (the one tax cut surviving from the mini-budget) did nothing to compensate for these further losses for out-of-work families. For a family with at least one person working and earning more than £12,500 a year, the levy's removal brought some benefit, but the net effect of this is very small for someone on low earnings. For example, for a lone parent working full time on the 'national living wage', earning £18,560 a year, £6,000 of income above the threshold is relieved from a 1.25 per cent tax, producing a £75 a year gross gain. However, since UC is assessed on post-tax income, and is reduced by 55p for each extra pound of tax not charged, a tax cut of £75 reduces UC by £41, leaving £33.75 a year or 65p a week from the tax gain. Compared with the weekly losses described in this paper, this gain is miniscule.

5. Conclusion

This year has seen by far the biggest deterioration in families' living standards in the ten years since the Cost of a Child studies began, as incomes have failed to keep up with rising costs. As happened during the benefit freeze, the real incomes of families who depend on UC, both those in and out of work, fell as a result of inflation. This new experience of high inflation coincides with the effect of more longstanding policies eroding family living standards, notably the benefit cap and the two-child limit. For a growing number of families there is a risk under present policies that benefits will remain the same, as a result of the frozen benefit cap, while prices continue to soar. This makes it desperately urgent to unfreeze or abolish the cap to avert severe and persistent hardship for hundreds of thousands of families.

Appendix 1: Costs by age and birth order

The following tables set out the basis for the cost of a child calculation.

Table A1: Additional basic costs in 2022, excluding rent, childcare and council tax (£ per week)

	Age last birthday																	
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Couple																		
First child	18.74	18.74	14.41	14.41	14.41	45.02	45.02	45.02	45.02	45.02	45.02	89.80	89.80	89.80	89.80	89.80	89.80	89.80
Second child	71.24	71.24	68.38	68.38	68.38	90.35	90.35	90.35	90.42	90.42	90.42	133.56	133.56	133.56	133.56	88.94	88.94	88.94
Third child	100.32	100.32	97.45	97.45	97.45	122.08	119.50	119.50	117.00	117.00	117.00	137.44	137.44	133.56	133.56	88.94	93.26	93.26
Fourth child	66.25	66.25	65.82	60.05	60.05	86.32	86.32	86.32	106.51	106.51	160.14	137.44	133.56	133.56	133.56	88.94	88.94	88.94
Lone parent																		
First child	95.71	95.71	91.37	91.37	91.37	121.98	121.98	121.98	121.98	121.98	121.98	166.77	166.77	166.77	166.77	166.77	166.77	166.77
Second child	74.59	74.59	71.74	71.74	71.74	93.71	93.71	93.71	93.77	93.77	93.77	136.91	136.91	136.91	136.91	166.28	166.28	166.28
Third child	95.99	95.99	93.12	93.12	93.12	117.75	90.43	90.43	90.50	90.50	90.50	133.64	133.64	136.91	136.91	166.28	166.28	166.28

Table A2: Additional basic costs in 2022, including rent, childcare and council tax (£ per week)

	Age last birthday																	
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Couple																		
First child	273.51	273.51	141.98	141.98	141.98	121.48	121.48	121.48	121.48	121.48	121.48	169.82	169.82	169.82	73.32	73.32	73.32	73.32
Second child	348.96	348.96	222.46	222.46	222.46	196.88	196.88	196.88	193.39	193.39	193.39	236.53	236.53	236.53	73.32	73.32	73.32	73.32
Third child	371.58	371.58	241.50	241.50	241.50	218.58	216.01	216.01	213.50	213.50	213.50	233.94	233.94	236.53	236.53	73.32	73.32	73.32
Fourth child	337.50	337.50	337.08	204.11	204.11	182.82	182.82	182.82	203.01	203.01	160.14	233.94	236.53	236.53	236.53	73.32	73.32	73.32
Lone parent																		
First child	361.40	361.40	229.87	229.87	229.87	212.93	212.93	212.93	212.93	212.93	212.93	257.71	257.71	257.71	161.21	161.21	161.21	161.21
Second child	352.31	352.31	222.25	222.25	222.25	196.67	196.67	196.67	196.74	196.74	196.74	239.88	239.88	239.88	143.38	161.21	161.21	161.21
Third child	367.24	367.24	237.17	237.17	237.17	214.25	186.93	186.93	187.00	187.00	187.00	133.64	133.64	143.38	143.38	161.21	161.21	161.21

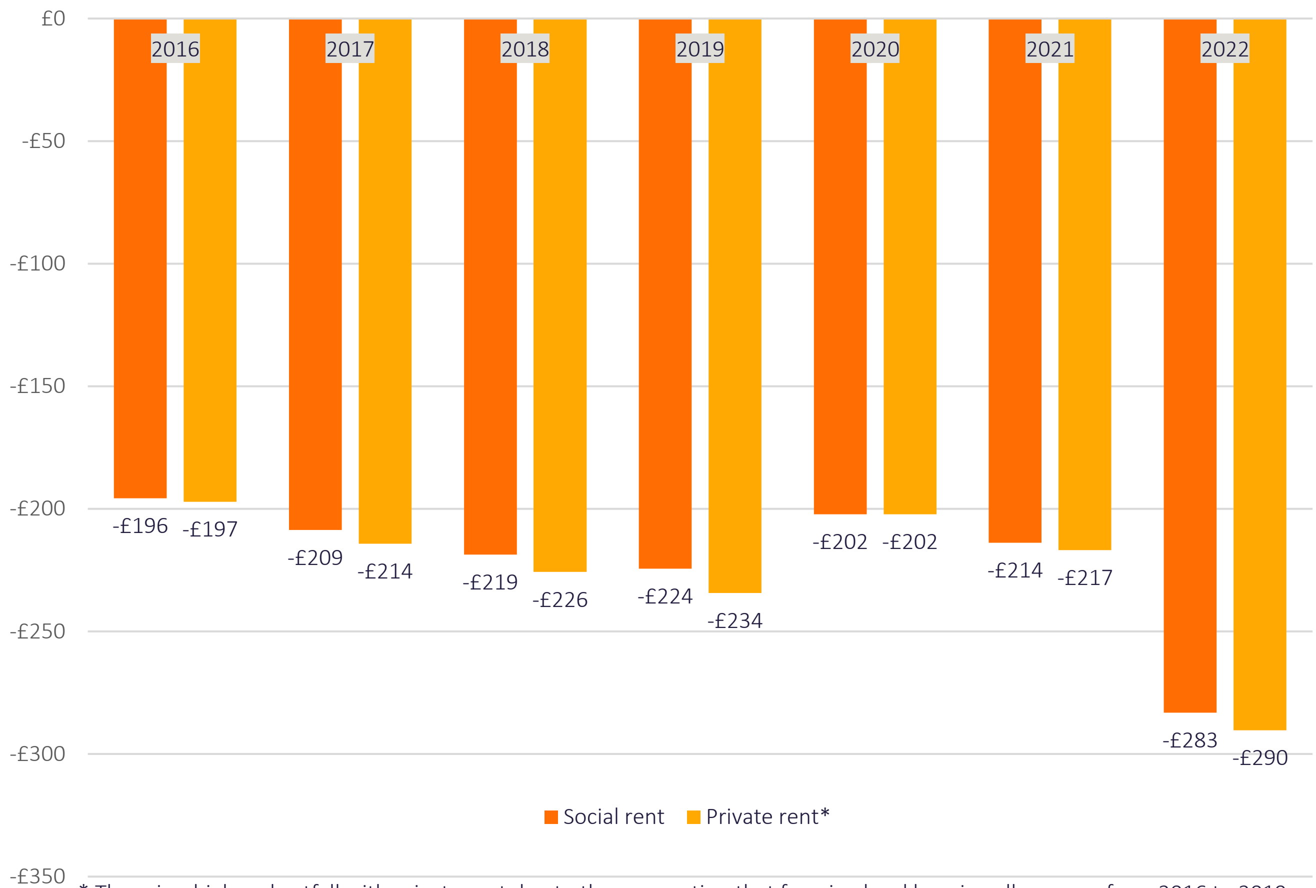
Appendix 2: Shortfalls in income by family type, 2016-22

a) One-child families

Figure 8: Weekly income shortfall, lone parent with child aged 1, not working (in 2022 prices)

* There is a higher shortfall with private rent due to the assumption that freezing local housing allowances from 2016 to 2019 and from 2020 onwards caused a deficit in the UC rent element equal to rent inflation in those periods.

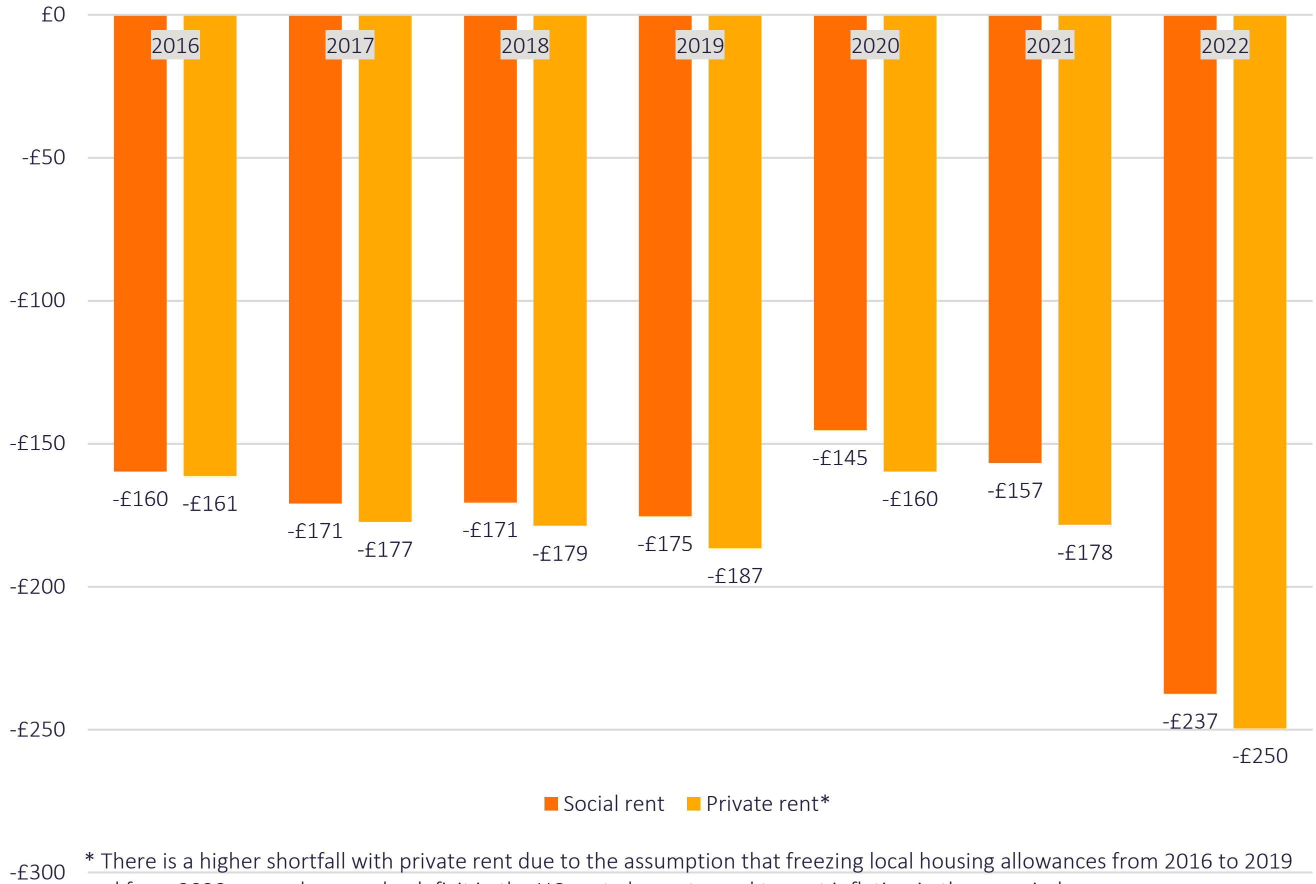
Figure 9: Weekly income shortfall, couple with child aged 1, not working (in 2022 prices)



* There is a higher shortfall with private rent due to the assumption that freezing local housing allowances from 2016 to 2019 and from 2020 onwards caused a deficit in the UC rent element equal to rent inflation in those periods.

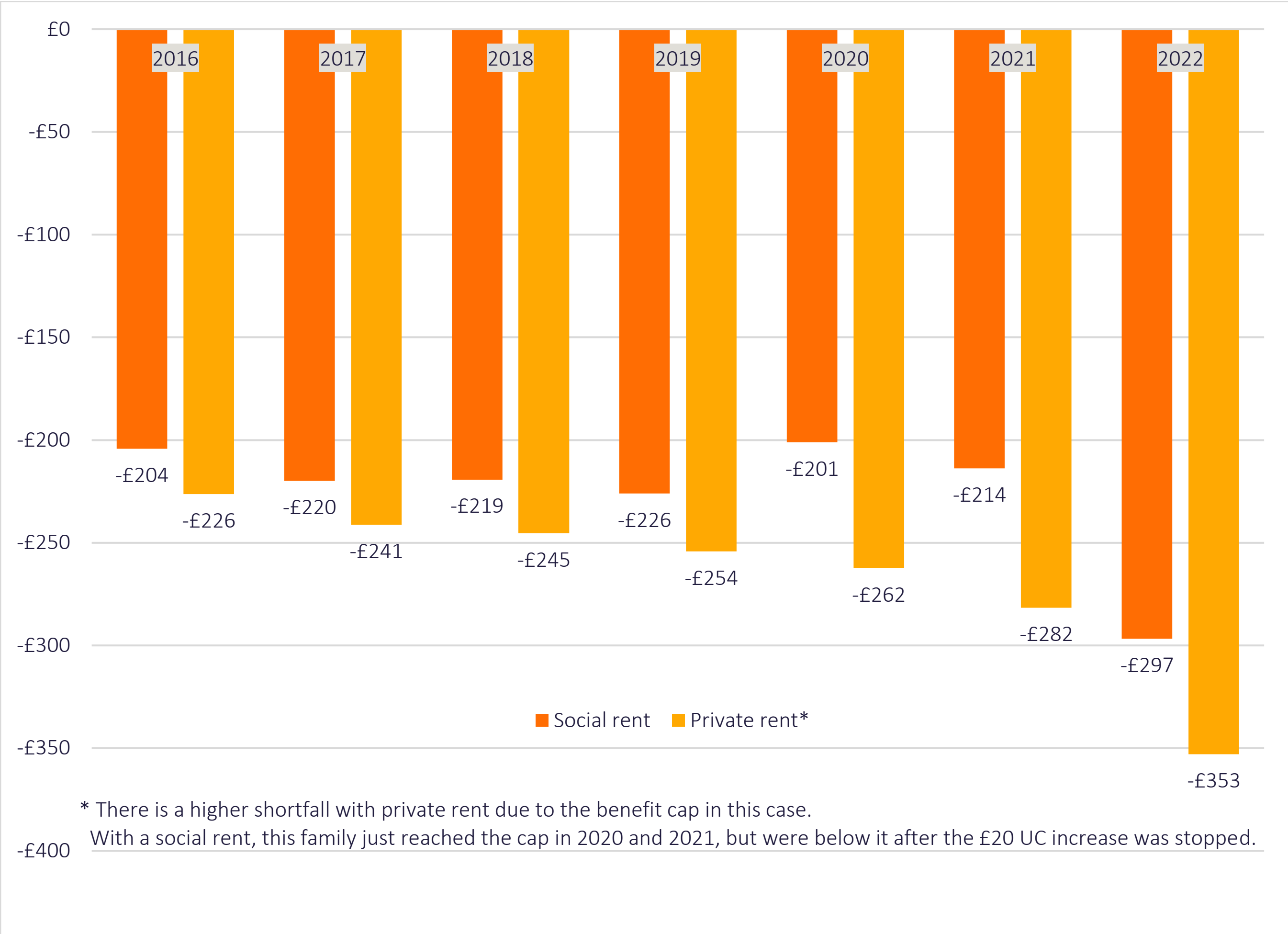
b) Two-child families

Figure 10: Weekly income shortfall, lone parent with children aged 4 and 7, not working (in 2022 prices)



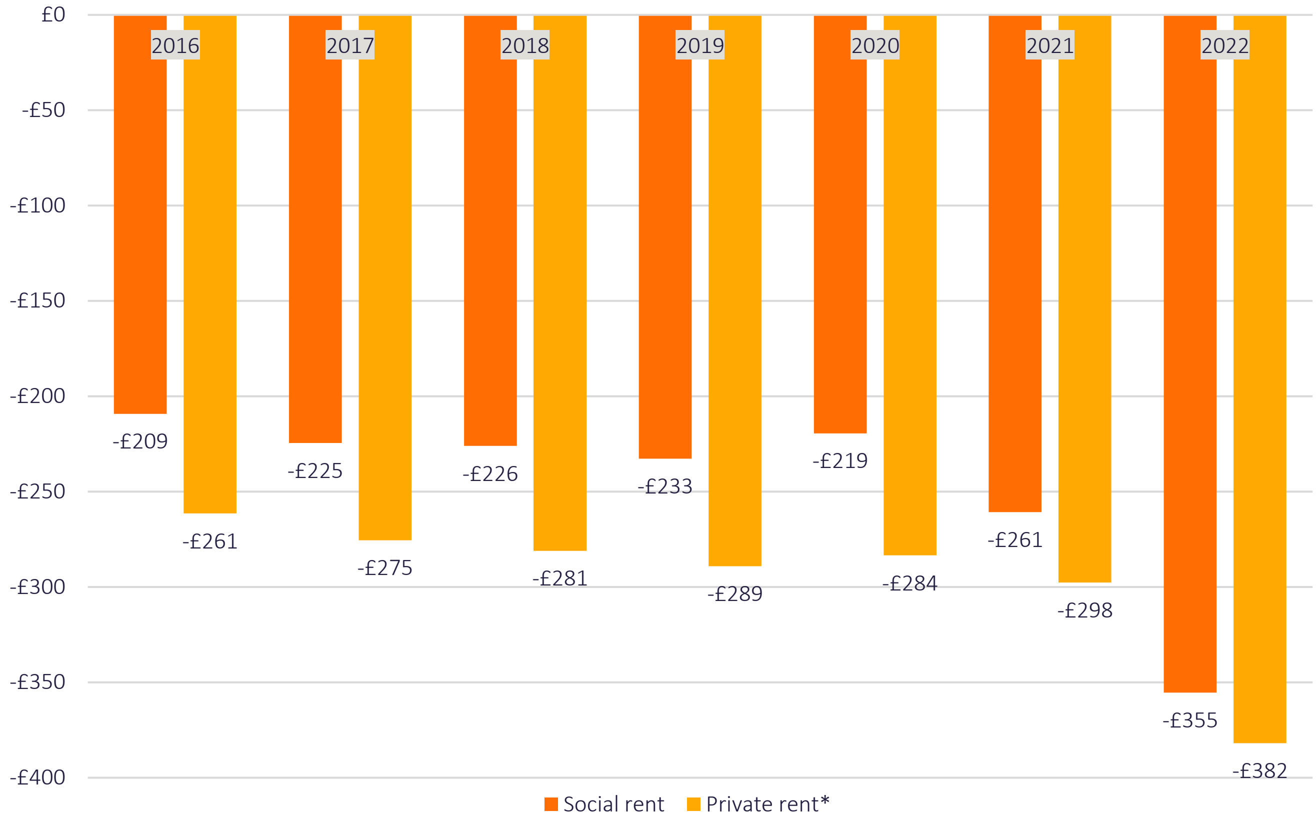
* There is a higher shortfall with private rent due to the assumption that freezing local housing allowances from 2016 to 2019 and from 2020 onwards caused a deficit in the UC rent element equal to rent inflation in those periods.

Figure 11: Weekly income shortfall, couple with children aged 4 and 7, not working (in 2022 prices)



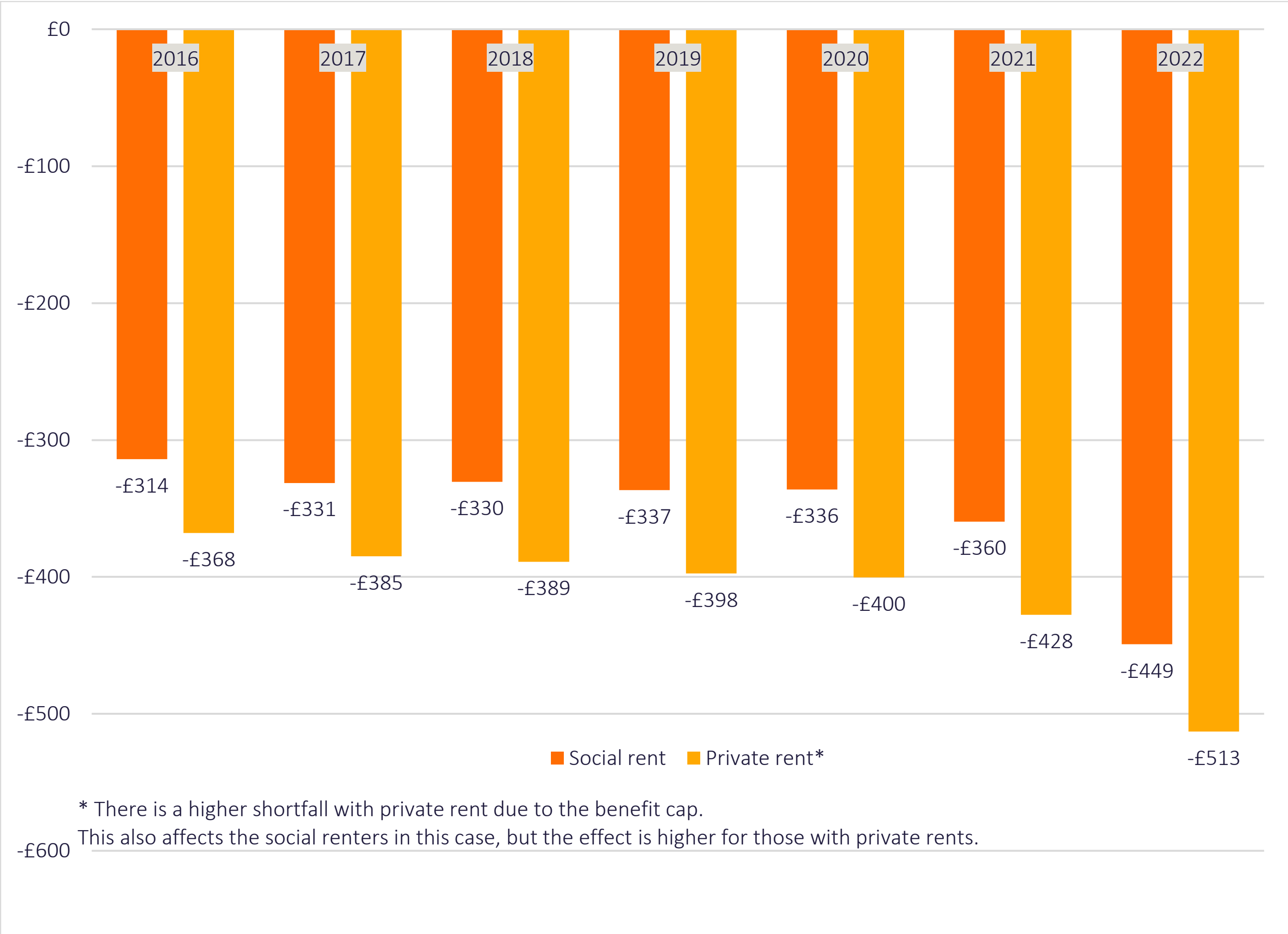
c) Three-child families

Figure 12: Weekly income shortfall, lone parent with children aged 4, 7 and 11, not working (in 2022 prices)



* There is a higher shortfall with private rent due to the benefit cap in this case.
The gap narrows from 2021 because the family in social housing also has benefits restricted, by the two-child limit.

Figure 13: Weekly income shortfall, lone parent with children aged 4, 7 and 11, not working (in 2022 prices)



Appendix 3

Assumptions for shortfalls from October 2022 to March 2023

The starting point is the situation in April 2022, after the latest benefit uprating and before cost of living payments.

Assume that the £650 supplementary amount paid to families on UC, half in summer 2022 and half later in the year, is divided equally over the year. Thus £325 extra is available for late 2022.

The £400 taken off energy bills over the six months from October is allocated to that period.

Energy costs rose by £529 annually in October. About 68 per cent of annual bills are spent between October and March,[7] so assume that average winter bills rise by a total of 68 per cent of £529, or £360, over six months. Table A3 applies this average to family types according to how much more they needed to spend than the average household in April (the average includes many smaller households, such as single-person households, with lower energy requirements than families with children).

All other costs increase in line with CPI inflation for each expenditure category up to September 2022. This is the latest month for which inflation figures available and represents the *minimum* amount by which prices will be above April 2022 during the coming winter.

Table A3, Increases in family fuel budgets since April

	Lone parent, one child	Lone parent, two children	Lone parent, three children	Couple, one child	Couple, two children	Couple, three children	Couple, four children
Annual MIS fuel budget, April prices	£2,030	£2,397	£2,545	£2,285	£2,545	£2,683	£2,813
Average annual energy cost at cap, April	£1,971	£1,971	£1,971	£1,971	£1,971	£1,971	£1,971
Spend above average	3%	22%	29%	16%	29%	36%	43%
Additional spending requirement, October 2022 to March 2023, based on £360 average	£371	£439	£464	£418	£464	£490	£515
Increase in weekly energy costs	£14.26	£16.89	£17.86	£16.06	£17.86	£18.83	£19.80

[7] In 2021, 68.6 per cent of domestic fuel consumption was in the first and fourth quarters (Department for Business, Energy and Industrial Strategy National Statistics, Energy Trends, Total Energy data, October 2022, Table 1.3)

About CPAG

Child Poverty Action Group works on behalf of the more than one in four children in the UK growing up in poverty. It doesn't have to be like this. We use our understanding of what causes poverty and the impact it has on children's lives to campaign for policies that will prevent and solve poverty – for good. We provide training, advice and information to make sure hard-up families get the financial support they need. We also carry out high profile legal work to establish and protect families' rights.

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